

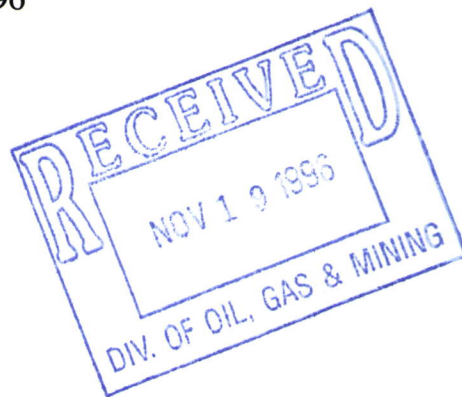
m/047/032



November 19, 1996

**HAND DELIVERED**

Tony Gallegos, Reclamation Engineer  
Utah Division of Oil, Gas & Mining  
1594 West North Temple, Suite 1210  
Salt Lake City, Utah 84114-5801



Dear Tony:

Enclosed is the original Reclamation Contract for Buena Ventura Resources' tar sands mine in Uintah County, Utah. You will see that I have executed this contract for your further handling.

On page 3, several dates need to be provided dealing with the "original Notice of Intention" and the "original Reclamation Plan." I am submitting three separate substitute pages for page 3. The original Notice of Intention and Reclamation Plan are dated April 23, 1996. However, we amended both the Notice of Intention and Reclamation Plan on September 17, 1996. Therefore, I have provided pages showing both dates so you can use the one you want. If neither date is appropriate, please fill in the right date(s) on the other page I have enclosed providing blank spaces.

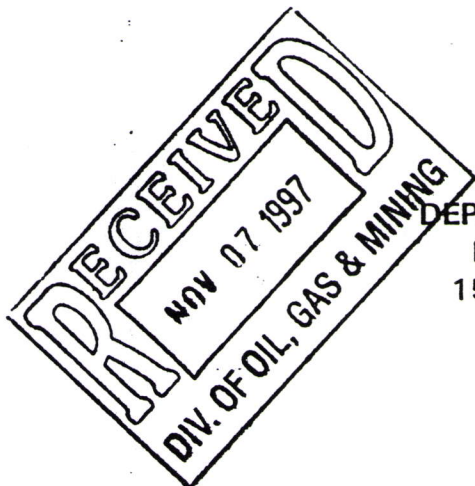
Please advise if you have any questions.

Very truly yours,

A handwritten signature in blue ink, appearing to be "Tom Bachtell".

Thomas W. Bachtell  
President

TWB:cs  
Enclosure



STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION of OIL, GAS and MINING  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940

RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)  
(Mineral Mined)

M/047/032  
Tar Sands

"MINE LOCATION":  
(Name of Mine)  
(Description)

Crown Asphalt Corporation  
(CAC) Asphalt Tar Sands Mine

"DISTURBED AREA":  
(Disturbed Acres)  
(Legal Description)

25.5  
(refer to Attachment "A")

"OPERATOR":  
(Company or Name)  
(Address)

Crown Asphalt Corporation  
(Formerly Buena Ventura Resources Corp.)  
215 S. State Street, Suite 550  
Salt Lake City, UT 84111

(Phone)  
(Fax)

801-537-5610  
801-537-5609

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone)

Jay Mealey

215 South State Street, Suite # 550  
Salt Lake City, UT 84111

801-537-5610

"OPERATOR'S OFFICER(S)":

Jay Mealey, President

Richard S. Rawdin, Secretary/Treasurer

"SURETY":

(Form of Surety - Attachment B)

Certificate of Deposit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Wells Fargo Bank

"SURETY AMOUNT":

(Escalated Dollars)

\$138,701.00

"ESCALATION YEAR":

2001

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Crown Asphalt Corporation the "Operator" and the Utah State Board of Oil, Gas and Mining ("Board").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/047/032 which has been approved by the Utah State Division of Oil, Gas and Mining "Division" under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated April 23, 1996, and the original Reclamation Plan dated April 23, 1996. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Board in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Board. If the Operator fails to provide an acceptable replacement Surety Company, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area,

Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the (Board) that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The (Board) shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.

parties involved, and any modification must be approved in writing by the parties involved.

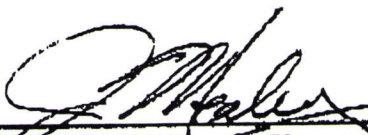
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

Crown Asphalt Corporation

Operator Name

By: Jay Mealey, President

Authorized Officer (Typed or Printed)


  
Authorized Officer's Signature

November 7, 1997

Date

SO AGREED this 19th day of November, 1997

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY 

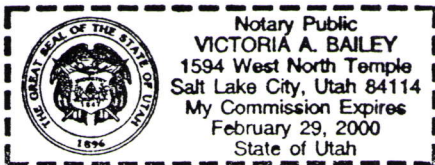
Dave D. Lauriski, Chairman  
Utah State Board of Oil, Gas and Mining

DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton 11/15/97  
Lowell P. Braxton, Acting Director Date

STATE OF UTAH )  
 ) ss:  
COUNTY OF SALT LAKE )

On the 18<sup>th</sup> day of November, 19 97, personally  
appeared before me Lowell P. Braxton, who being  
duly sworn did say that he/~~she~~, the said Lowell P. Braxton  
is the Acting Director of the Division of Oil, Gas and Mining, Department of Natural  
Resources, State of Utah, and he/~~she~~ duly acknowledged to me that he/~~she~~  
executed the foregoing document by authority of law on behalf of the State of  
Utah.



Victoria A. Bailey  
Notary Public  
Residing at: SALT LAKE CITY, UTAH

February 29, 2000  
My Commission Expires:

OPERATOR:

Crown Asphalt Corporation  
Operator Name

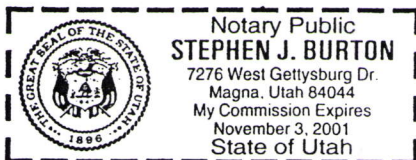
By Jay Mealey, President  
Corporate Officer - Position

November 7, 1997  
Date

[Signature]  
Signature

STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

On the 7th day of Novemer, 19 97, personally  
appeared before me Jay Mealey who being by  
me duly sworn did say that he/she, the said Jay Mealey  
is the President of Crown Asphalt Corporation  
and duly acknowledged that said instrument was signed on behalf of said company  
by authority of its bylaws or a resolution of its board of directors and said  
Jay Mealey duly acknowledged to me that said  
company executed the same.



Stephen J. Burton  
Notary Public  
Residing at: Salt Lake City

11/3/2001  
My Commission Expires:

## ATTACHMENT "A"

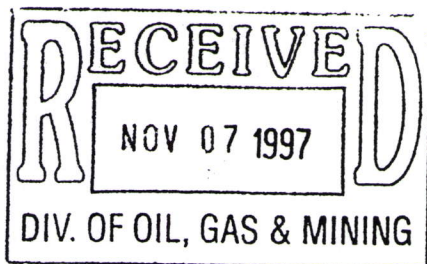
<u>Crown Asphalt Corporation</u>	<u>Asphalt Ridge Tar Sands Mine</u>
Operator	Mine Name
<u>M/047/032</u>	<u>Uintah</u> County, Utah
Permit Number	

The legal description of lands to be disturbed is:

25.5 Acres within

, Township 4 South, Range 21 East, SLB&M

Section 30: SE1/4  
Section 31: NE1/4



Certificate of Deposit

November 7, 1997

Wells Fargo Bank  
60 East South Temple  
Salt Lake City, UT 84111

Attention: New Accounts

RE: Certificate of Deposit for Asphalt Ridge Mine, Crown Asphalt Corporation, (formerly Buena Ventura Resources Corporation) M/047/032, Uintah County, Utah

This is in regards to regulatory requirements of the mining statute and rules of the State of Utah, Division of Oil, Gas and Mining, governing the operations and reclamation of the Asphalt Ridge Mine, Permit Number M/047/032, operated by Crown Asphalt Corporation (Crown).

A Certificate of Deposit will be issued by Wells Fargo Bank for \$138,701 and be automatically renewable upon expiration. The Certificate should be made out in the name of the State of Utah, Division of Oil, Gas and Mining. The interest earned by the Certificate of Deposit will be dispersed quarterly and deposited into Crown's account. If the Certificate is redeemed before the maturity date and the penalty reduces the face value of \$138,701, the State of Utah, Division of Oil, Gas and Mining will go to Crown for reimbursement of that loss. If redeemed after the maturity date, then \$138,701 will go to the State of Utah, Division of Oil, Gas and Mining and the remaining balance will go to Crown's account. The Certificate of Deposit can only be redeemed by the State of Utah, Division of Oil, Gas and Mining.

If the statute of rules for the State of Utah, Division of Oil, Gas and Mining are violated, with respect to the operation or reclamation of the Asphalt Ridge Mine covered by this surety, the State of Utah, Division of Oil, Gas and Mining has the authority to call the Certificate on demand, for the full amount of \$138,701. Any loss due to an early redemption penalty will be the responsibility of Crown and will not be the expense or responsibility of the State of Utah.

The Division Director's signature, James W. Carter (or the appropriate Division Director at the time), will be required to call the Certificate or release said funds back to Crown.



Lewell P B reftun for

  
Jay Mealey

Jay Mealey  
President

Crown Tax I.D. Number: 87-0430767

WELLS FARGO BANK

# Certificate of Deposit

Acct.  
No.

Office Main Date 11-07-97 Type of Certificate Business CD Amount \$ 138,701.00

Received from State of Utah Division of Oil Gas & Mining

Renewal term 6 months Maturity date 050798 Interest rate 5.12 % Annual percentage yield 5.25 %

Interest will be computed on a 365 day\* year basis. Interest will be paid Quarterly and ☐ reinvested, ☒ credited to account number

or ☐ paid by check. (\*366 day year in leap years)

This certificate is nontransferable, nor is it required to withdraw funds. If your deposit is withdrawn before maturity, there may be an early withdrawal fee. At maturity this deposit will automatically renew. The terms of the certificate, including the interest rate and annual percentage yield, are subject to change on the maturity date. Please refer to the Disclosure Statement for additional information about your account.

Bank Representative's Signature

*Leslie L. Davis*

Member FDIC

## AGREEMENT

M/047/032  
DOGM RECEIVED 10/23/96  
AT ST. GEORGE BOARD HEARING

This Agreement dated this 2nd day of October, 1996, is by and between BUENAVENTURA RESOURCES CORPORATION, a Utah corporation, whose address is 215 South State Street, Suite 550, Salt Lake City, Utah 84111 ("BVRC" herein), and AIR VILLAGE HILLS HOMEOWNERS' ASSOCIATION, an association of homeowners for Air Village Hills Subdivision located in Uintah County, Utah, whose address, for purposes of this Agreement, is P.O. Box 833, Vernal, Utah 84078 ("Air Village" herein).

### WITNESSETH:

WHEREAS, BVRC is the owner of an Oil, Gas and Minerals Lease granted by Wembco, Inc., covering, among other lands, the lands described on Exhibit "A" attached hereto, and by this reference fully incorporated herein ("Property" herein);

WHEREAS, BVRC has made application for the necessary permits to mine tar sands from the Property, and to construct thereon a facility to extract oil from tar sands as more particularly described in said permit applications;

WHEREAS, BVRC has provided copies of all applications for permits to Air Village which acknowledges receipt of said permit applications;

WHEREAS, although BVRC and Uintah County currently mine tar sands from the Property, BVRC's proposed plans will substantially increase the volume of tar sands mined, and will otherwise increase the scope of activity on the Property to extract the oil from the tar sands on a 24-hour basis;

WHEREAS, part of Air Village Hills Subdivision is located on lands immediately east and contiguous to the Property, and its residents are concerned that the increased activity may become a nuisance to them and adversely impact the quiet enjoyment of their lands and homes, and otherwise diminish its value;

WHEREAS, BVRC and Air Village have had numerous discussions involving the issues and concerns between them, and have certain understandings and promises between them which address measures and actions that can be taken to mitigate and resolve their concerns; and

WHEREAS, the parties hereto have agreed to memorialize their understandings and promises in this Agreement.

NOW THEREFORE, for a good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by both parties, and in consideration of the mutual promises contained herein, the parties hereto agree as follows:

1. Periodic Meetings to Discuss Issues and Concerns. BVRC and Air Village shall appoint designated representatives by name, address and telephone number. The designated representatives shall meet on a periodic basis as requested by either of them to discuss issues and concerns involving the existing or contemplated operations of BVRC.

It is anticipated that the meetings will occur on a routine basis, at the request of either party, and shall be scheduled as agreed between the designated representatives. At the meeting, the party requesting responses to particular questions or issues shall submit them in writing to the other party's designated representative. If the information is available, the other party shall respond verbally to the written requests at the meeting, and follow-up each response in writing as soon as reasonably possible. If the responding party cannot submit written responses within five (5) working days upon receiving the written requests, within that five (5) day period the responding party shall deliver in writing to the requesting party a statement of particular detail setting forth its reasons why it is unable to respond within the prescribed period of time, and when it believes its written responses will be forthcoming. The written responses shall supersede any oral response provided at the meeting, and shall be deemed the final response unless otherwise amended or supplemented. The responding party shall have the obligation to amend or supplement its written response upon learning new information which is relevant to its prior response, and which will better respond to the initial request.

2. Abatement of Dust and Emissions. BVRC has submitted to Air Village all of its applications for permits to conduct its initial proposed operations. In addition to statutory and regulatory requirements to control and abate dust and other emissions from its operations, BVRC agrees to consider other reasonable measures suggested by Air Village to control or abate the dust or emissions which affect any resident of Air Village. In determining whether to implement any request by Air Village, BVRC may consider:

- a. The actual impact upon the resident or residents of Air Village;
- b. The cost to implement any proposed procedure or action;
- c. Input or reports on the subject matter by professional consultants;
- d. Changes in the law relating to the subject matter of the request; and
- e. Any other matter which is relevant in addressing and analyzing the request.

Upon making its decision, BVRC shall deliver written notification to Air Village of its decision and of any measures it plans to implement. BVRC shall implement its plans within a reasonable time. If the parties disagree on the plan, the dispute shall be resolved pursuant to paragraph 9 below.

3. Visual and Noise Abatement. BVRC agrees to use the overburden and cap rock which will be removed to expose the tar sands ore to create berms between the Property and the Air Village residences. BVRC will request the written input from Air Village regarding the location and size of each berm prior to their construction. BVRC shall use reasonable means to cause the berms to be aesthetically compatible with the surrounding plant life, trees and vegetation.

Air Village residents understand that the operations of BVRC on the Property will be conducted twenty-four (24) hours per day. To mitigate noise, BVRC will use its best efforts to minimize overburden removal and mining operations during night time hours.

In addition to any visual or noise abatement procedures or activities required by statute or regulation, BVRC agrees to consider other reasonable measures suggested by Air Village to control or abate the visual or noise situations which affect any resident of Air Village. In determining the reasonableness of any request by Air Village, BVRC may consider:

- a. The actual impact upon the resident or residents of Air Village;
- b. The cost to implement any proposed procedure or action;
- c. Input or reports on the subject matter by professional consultants;
- d. Changes in the law relating to the subject matter of the request; and
- e. Any other matter which is relevant in addressing and analyzing the request.

Upon making its decision, BVRC shall deliver written notification to Air Village of its decision and of any measures it plans to implement. BVRC shall implement its plans within a reasonable time. If the parties disagree on the plan, the dispute shall be resolved pursuant to paragraph 9 below.

4. Public Safety/Security. BVRC agrees to use its best efforts to conduct its operations in a safe and workmanlike manner. Before it commences construction of its initial facility, BVRC will erect a fence between its operations and Air Village. The fence shall be erected at a mutually agreed upon location. Additionally, BVRC will erect a fence around its plant facility site.

BVRC agrees to consider other reasonable measures suggested by Air Village to control or abate public safety and security situations which affect any resident of Air Village. In determining the reasonableness of any request by Air Village, BVRC may consider:

- a. The actual impact upon the resident or residents of Air Village;
- b. The cost to implement any proposed procedure or action;
- c. Input or reports on the subject matter by professional consultants;
- d. Changes in the law relating to the subject matter of the request; and
- e. Any other matter which is relevant in addressing and analyzing the request.

Upon making its decision, BVRC shall deliver written notification to Air Village of its decision and of any measures it plans to implement. BVRC shall implement its plans within a reasonable time. If the parties disagree on the plan, the dispute shall be resolved pursuant to paragraph 9 below.

5. Traffic Control. BVRC anticipates that in addition to normal traffic to the Property for its employees and for delivery of equipment and parts, that it will be initially producing sufficient quantities of oil on a daily basis to utilize five (5) oil tanker trucks per day to transport the produced oil from the Property. BVRC shall require the delivery of written instructions to each driver who visits the Property on a routine basis. The written instructions will be agreed upon by Air Village in advance, and may be amended from time to time. Among other things, the instructions will address the maximum speed vehicles may travel from the Property to the U.S. 40 Highway, and prohibit the use of compression (jake) brakes. BVRC shall strictly enforce the instructions, which may include the prohibition of any driver from hauling its oil who refuses to abide by their terms. Furthermore, BVRC will use its best efforts to limit early morning and evening traffic to the Property.

6. Structural or Other Physical Damage to Property. BVRC agrees that it will repair, or otherwise compensate the owner, for any structural or other physical damage to the owners property in Air Village which damage is caused by the activities on the Property of BVRC, or of its contractors, consultants, agents and employees.

For each resident who shall so desire, BVRC shall conduct, at its expense, a "pre-blast survey" of the resident's home and property so long as the resident requests the survey within three (3) months after this Agreement is signed by both parties. BVRC may conduct pre-blast surveys after the three (3) month period, but at its sole discretion. The purpose of the pre-blast survey is to document any existing structural or other

damage to the resident's property so that a proper determination of future damages caused by the activities of BVRC can be documented. All residents who request the pre-blast survey shall fully cooperate with BVRC's agent in determining existing damages or structural problems, and shall grant full access by said agent to all parts of the property to properly conduct the survey. The residents shall be given a copy of the written pre-blast survey report delivered to BVRC by its agent within five (5) working days after BVRC has received the report. If the parties dispute the conclusion of the survey report, or the cause of any damage claimed by the property owner, the dispute shall be resolved pursuant to paragraph 9 below.

BVRC agrees to carry liability insurance with coverage extending to structural or physical damage to the property of Air Village residents caused by BVRC in an amount of not less than \$20,000 for each time damage may occur.

7. Protocol for Blasting. BVRC agrees to use its best efforts to minimize the use of explosives in conducting its mining operations on the Property. When blasting is required, BVRC shall follow the protocol attached hereto as Exhibit "B," the terms of which by this reference are fully incorporated herein. The protocol may be amended from time to time as mutually agreed upon by the parties to better assist in the mitigation of any impact blasting may have upon the residents of Air Village Hills Subdivision and their property, and to address the bona fide needs of BVRC.

8. Designated Representative. The initial designated representative for the parties are as follows:

- a. For BVRC: Thomas W. Bachtell, President  
BuenaVentura Resources Corporation  
215 South State Street, Suite 550  
Salt Lake City, Utah 84111  
Business Telephone: (801)537-5610  
Home Telephone: (801)645-5343
- b. For Air Village: Board of Trustees (a quorum must be present to decide any matter)  
Air Village Hills Homeowners' Association  
P.O. Box 833  
Vernal, Utah 84078  
Business Telephone: (801)722-2531  
Home Telephone: (801)789-5223

The parties hereto may change the designated representatives, or add additional designated representatives, by following the notice procedures set forth in paragraph 10

below. BVRC agrees to designate its locally residing project manager as an additional designated representative when operations to separate the oil from the sand commence.

9. Dispute Resolution. The parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement promptly by negotiations between representatives of the parties who have authority to settle the controversy.

The disputing party shall give the other party written notice of the dispute. Within five (5) days after receipt of said notice, the receiving party shall submit to the other a written response. The notice and response shall include (a) a statement of each party's position and a summary of the evidence and arguments supporting its positions, and (b) the name and title of the executive who will represent that party. The executives shall meet at a mutually acceptable time and place within thirty (30) days of the date of the disputing party's notice and thereafter as often as they reasonably deem necessary to exchange relevant information and to attempt to resolve the dispute.

If the matter involves \$50,000.00 or less in total claims, and has not been resolved within sixty (60) days of the disputing party's notice, or if the party receiving said notice will not meet within thirty (30) days, either party may initiate mediation of the controversy or claim in accordance with the Center for Public Resources Model Procedure for Mediation of Business Disputes; provided, however, that the parties shall attempt to agree on a local mediator before following the model act procedure for mediator selection.

If the matter involves \$50,000.00 or less in total claims, and has not been resolved pursuant to the aforesaid mediation procedure within sixty (60) days of the initiation of such procedure, or if either party will not participate in a mediation, the controversy shall be settled by arbitration in accordance with the Center for Public Resources Rules for Non-administered Arbitration of Business Disputes, by three (3) arbitrators, of whom each party shall appoint one. The arbitrator not appointed by a party shall be selected by the arbitrators appointed by the parties; provided, however, that the parties shall attempt to agree on local arbitrators before following the model act procedure for arbitrator selection. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. § 1-16, and judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. The place of arbitration shall be Vernal, Utah.

All deadlines specified herein may be extended by mutual agreement. The procedures specified herein shall be the sole and exclusive procedures for the resolution of disputes between the parties arising out of or relating to this Agreement; provided, however, that a party may seek a preliminary injunction or other preliminary judicial relief if in its judgment such action is necessary to avoid irreparable damage. Despite such action the parties will continue to participate in good faith in the procedures herein

specified. All applicable statutes of limitation shall be tolled while the activities specified herein are pending. The parties will take such action, if any, required to effectuate such tolling.

If the matter involves more than \$50,000.00 in total claims, either party may choose to adjudicate the dispute in a court of law having proper jurisdiction over the subject matter of the controversy.

10. Notice Procedures. Written notices or responses as set forth herein shall be made by personal delivery, or by United States mail, postage prepaid, or certified mail, return receipt requested, as follows:

- a. If to BVRC: Buena Ventura Resources Corporation  
215 South State Street, Suite 550  
Salt Lake City, Utah 84111
- b. If to Air Village: Air Village Hills Homeowners' Association  
P.O. Box 833  
Vernal, Utah 84078

If mailed, the notice shall be deemed delivered when deposited with the United States Postal Service. Either party may change its address for providing notice by delivering to the other party notice of address change as provided under this paragraph.

11. Sale of Tar Sands to Residents. BVRC agrees to make run of mine tar sands suitable for paving purposes available to the residents of Air Village at its mine on the Property. BVRC shall charge the residents only its actual cost to mine and load the tar sands. The tar sands purchased under authority of this paragraph may only be used for paving purposes at the residents' property in Air Village. The residents shall be responsible for transportation to, and application of, the tar sands at their property.

12. Covenants Run with the Land. The terms and conditions set forth in this Agreement are covenants that shall be deemed to run with the land (Property), and shall be binding upon each party's successors or assigns.

13. Third-Party Beneficiaries. The residents of Air Village Hills Subdivision are acknowledged as third-party beneficiaries to this Agreement.

14. Amendments. This Agreement may not be amended, altered or modified except by written instrument signed by each party.

15. Integration. Unless otherwise amended in writing and signed by each party, this Agreement expresses the final negotiated terms and conditions of the parties hereto

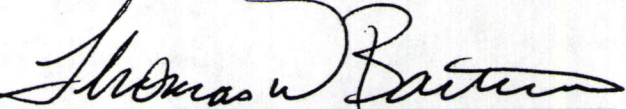
with respect to the subject matter hereof, and supersedes any prior written or oral agreements, understandings, or statements made by either party or their representatives.

16. Choice of Law/Severability. This Agreement shall be construed according to the laws of the State of Utah. If any part of the Agreement is deemed unenforceable for any reason, the remaining terms and conditions shall survive and shall constitute the Agreement.


17. Counterparts. This Agreement shall be signed and delivered in multiple counterparts, each of which shall be deemed an original for all purposes.


DATED the day and year first above written.

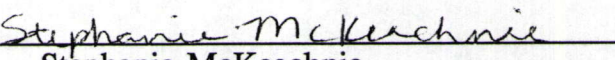
BUENAVENTURA RESOURCES CORPORATION

By:   
Thomas W. Bachtell  
President

AIR VILLAGE HILLS HOMEOWNERS'  
ASSOCIATION

By:   
Dan Lindsey  
Chairman of the Board of Trustees,  
Air Village Homeowners' Association

By:   
Jimmy Boren  
Member of the Board of Trustees,  
Air Village Homeowners' Association

By:   
Stephanie McKeachnie  
Member of the Board of Trustees,  
Air Village Homeowners' Association

*E. D. Schuler*

Member of the Board of Trustees,  
Air Village Homeowners' Association


Karl F. Breitenbach, 20

Member of the Board of Trustees,  
Air Village Homeowners' Association

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acknowledged to me that sa

 **CHIEF CLERK PUBLIC**  
**REG MILLER**  
100 South  
Utah 84014  
Commission Expires  
7/6, 1997  
State of Utah

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Charles B. Segmiller  
Notary Public

Residing at: \_\_\_\_\_

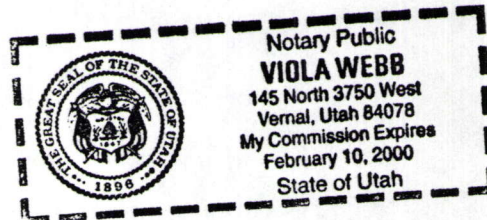
STATE OF UTAH )  
 : ss.  
COUNTY OF UINTAH )

On the 9<sup>th</sup> day of October, 1996, personally appeared before me, Dan Lindsey, Jimmy Boren, Stephanie McKeachnie, Eric Schillie, Karl Brietenbach, and after being by me duly sworn did say that they are the Chairman and Members of the Board of Trustees of Air Village Hills Homeowners' Association and that said instrument was signed in behalf of said association by authority of its by-laws and said Dan Lindsey, Jimmy Boren, Stephanie McKeachnie, Eric Schillie, Karl Brietenbach, duly acknowledged to me that said association executed the same.

My Commission Expires:

2/10/2000

Viola Webb  
Notary Public  
Residing at: Vernal, Ut



Township 4 South, Range 21 East, SLM

Section 30:  $W\frac{1}{2}SE\frac{1}{4}$ ,  $SE\frac{1}{4}SE\frac{1}{4}$

Section 31:  $NE\frac{1}{4}$

**EXHIBIT "A"**

# **BLASTING PROTOCOL**

## **1. Blasting Schedule Contents**

- a. Identification of specific areas in which blasting will occur
- b. Time period when blasts will occur
- c. Types and patterns of audible warning and all clear signals audible within 1/2 mile of blast site

### **Suggestions:**

- (1) 10 minute warning — Civil Defense type siren, 3 cycles of tone
  - (2) 3 minute warning — 15 seconds of slow police type siren
  - (3) 30 seconds warning — 30 seconds of fast police type siren
  - (4) All Clear — 5 seconds straight tone
- d. Blasting signs at all entrances to property and along fences
    - (1) Signs will have descriptions of warning sirens, operator contact and phone number
  - e. Access control measures
    - (1) All access to blasting areas are blocked during loading and shooting
    - (2) Blaster-in-charge makes tour around blasting area to make sure nobody is in blast area

Copies of blasting schedule to be distributed to AVH Homeowners prior to commencement of blasting activities.

DOGM may require schedule to be published in local newspaper, gov'ts, and utilities.

2. Control of adverse blasting effects

a. Air blast

- (1) Air blast will not exceed maximum limits listed below (at dwellings outside property boundary):

<u>Lower Frequency Limit of Measuring System, Hz( +3dB)</u>	<u>Max. Level dB</u>
0.1 Hz or lower — flat response (1)	134 peak
2.0 Hz or lower — flat response	133 peak
6.0 Hz or lower — flat response	129 peak
C-weighted — slow response (1)	105 peak dBC

(1) Only when approved by the Division

If necessary to prevent damage, the Division may specify lower maximum allowable air blast levels.

b. Flyrock

- (1) No flyrock will be cast off property boundary

c. Ground vibration

- (1) The maximum ground vibration will not exceed the following limits at dwellings outside property boundary:

<u>Distance From Blast Site (feet)</u>	<u>Max. PPV (In/Sec.)</u>	<u>Scaled Dist. Factor To Be Applied Without Seismic Monitoring</u>
0 to 300	1.25	50
301 to 5000	1.00	55
5001 and beyond	0.75	65

- d. Periodic air blast and seismic monitoring will be undertaken to ensure compliance with air blast and seismic standards

- e. Blasting will be conducted under the supervision of licensed professional blasting consultant